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SUBJECT: JIANGSU ENVIRONMENTAL OFFICIALS HOLD SOME OPTIMISM ABOUT LAKE TAI CLEAN-UP PROSPECTS

REF: SHANGHAI 760; SHANGHAI 483; SHANGHAI 420

¶11. (SBU) Summary. Congenoffs met with Jiangsu Provincial Academy of Environmental Sciences Senior Engineer and Vice Director Wang Hua and Jiangsu Provincial Environmental Protection Department Vice Director Zhu Deming on November 28 to discuss Lake Tai (Tai Hu) pollution clean-up prospects and prospects for greater use of environmental protection criteria in performance evaluations for local government units, government officials and Communist Party cadre. Both expressed guarded optimism that significant numbers of water-polluting factories on the shores of Lake Tai will cease lakeside operations in 2008, although many may relocate to less economically developed parts of the province and country. The October 2007 promotion and transfer of Jiangsu Province Party Secretary Li Yuanchao, who had committed the Province to

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aggressively cleaning up Lake Tai in the near term, to the Politburo in Beijing as head of the Party's Organization Department provides the Party with a means to enforce Lake Tai clean up initiatives and other environmental protection priorities. Jiangsu Province leaders are resolute to clean up Lake Tai, even if at the cost of a decrease in provincial economic output, the two environmental officials said. End summary.

Lake Tai - Big, Important, Seriously Polluted

¶12. (SBU) Lake Tai, west of Shanghai, is China's third-largest freshwater lake (2,250 square kilometers) and now one of the worst polluted lakes in China. Major causes of water pollution include poorly regulated discharges from industries -- more than 8,500 chemical factories are located in the Lake Tai watershed -- and untreated wastewater from urban areas, pig farms and other agricultural activities , with nitrates and phosphorous playing particularly important roles in the pollution mix. More than one-fourth of China's textile factories are in Jiangsu Province, local officials say, with many of them also in the Lake Tai watershed. The May 2007 massive outbreak of blue-green algae in Lake Tai resulted in cutting off the drinking water supply to the 4 million residents of the city of Wuxi. Jiangsu environmental officials attributed the severity of this year's outbreak to "70 percent natural factors and 30 percent human factors," namely, the lowest water level in 50 years, excessive heat, and excessive pollution from factories, agricultural waste

and human waste.

¶3. (SBU) Dr. Wang and Director Zhu, both of whom traveled to the United States in our FY 2007 as recipients of State Department International Visitor program awards, attributed some revised environmental protection policies under consideration in Jiangsu Province to observations of U.S. environmental protection policies and enforcement. In particular, the province may move to impose fines on a daily vice occasional basis for excessive pollution emitters. Even so, they foresee a need to promote the development of true non-government organizations to accurately reflect the common people's aspirations for cleaner air and water and bring added pressure on government units to enforce China's environmental protection rules. A number of government-organized non-government organizations (GONGOs) in China which have spoken out on environmental issues remain under the control of government paymasters and thus do not truly represent the common people's views, they observed.

4 (SBU) The October 2007 Jiangsu Taihu Water Pollution Treatment Protocol brokered by the Jiangsu Provincial Government constitutes a crucial step if Lake Tai pollution problems are to be successfully addressed, they continued. Beyond the important surge of funding to be made available for pollution control and cleanup, the agreement assigns distinct environmental protection responsibilities to multiple government agencies. Provincial and local water treatment departments had taken a leading role in attempts to deal with Lake Tai's massive blue-algae bloom this year (refs). But with multiple agencies previously told they had environmental protection as an important goal but no specific assignment of responsibilities, a situation of "three monks with no water to drink" had occurred, i.e., many agencies expected other agencies to take the lead in addressing Lake Tai's problems. Now clearer responsibilities have been assigned to local agricultural departments, industrial supervision departments and others, and responsibility for protecting rivers

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in the Lake Tai watershed had also been clearly assigned. Most effectively, future promotion prospects for officials has been better linked to performance of environmental protection responsibilities.

¶5. (SBU) As part of an important shift from rewarding the quantity of economic growth to the rewarding the quality of economic growth, performance of local government units in Jiangsu Province will henceforth be more closely linked to two environmental indexes, one for forest preservation and one for environmental quality. The latter will include component factor scores for potable water quality, air quality, water quality, noise pollution abatement, and other factors. Out of a possible total index score of 100 points, a government unit must score at least 80 points, or unit leaders will face reassignment to less desirable positions. Because of the massive blue algae bloom in the current performance cycle, 20 points have already been lost by many units for water quality protection. In this performance evaluation cycle, unit leaders must receive training on environmental protection topics to avoid potential dismissal for the blue-algae problems.

¶6. (SBU) In addition to the visible and noxious blue-algae problem in Lake Tai, Jiangsu Province also faces prominent water quality problems along the Yangtze and Huai Rivers, Wang explained. Textile factories are significant sources of Lake Tai pollution, and at present only 15-20 percent are estimated to be able to meet more stringent 2008 provincial effluent discharge restrictions for the Lake Tai watershed area, which were only issued in October 2007. For instance, the chemical oxygen demand standard had been 180 micrograms per liter until 2006, when it was lowered to 100; in 2008, the COD restriction for dyeing and textile factories in the Lake Tai watershed will be further reduced to 60 micrograms per liter. The provincial government wants factories in the Lake Tai watershed to either rapidly invest in pollution control capabilities, which would either squeeze very thin profit margins for many or force them

to raise prices in a competitive market, or relocate to other areas outside the Lake Tai watershed. Wang and Zhu predicted that some companies will in fact choose to relocate their factories to areas in the less economically developed northern part of Jiangsu Province, such as in or near the port city of Lianyungang, while others will choose to cease operations altogether.

¶17. (SBU) Nonetheless, provincial party and government officials are resolute in their determination to clean up Lake Tai, even if provincial GDP must slightly drop, Wang and Zhu continued. Former Provincial Party Secretary Li Yuanchao had secured broad commitments from the Party and government units to address this urgent issue, placing this environmental clean-up goal clearly in the context of "achieving a moderately well-off society" and "scientific development," two important Party goals across China. Li's successor will be bound by the commitments made during his tenure in Jiangsu - and Li's new role as head of the Party's national Organization Department in Beijing provides Li with means to enforce this goal via selection and promotion of personnel based on their performance.

Environmental Issues Prominent in Citizens' Petitions

¶18. (SBU) Wang and Zhu commented that while the absolute number of citizen petitions to file complaints or calls for redress in Jiangsu Province has been decreasing, the share within the total based on pollution or other environment-related issues is increasing rapidly, even faster than the province's high annual GDP growth rate. (Note: According to the Jiangsu Statistical Bureau, provincial GDP growth was 14.5 percent in 2005, 14.9 percent in 2006, and 15.0 percent through the third quarter of ¶2007. End note.) Furthermore, they said, National People's Congress and Chinese People's Political Consultative Conference delegates are increasingly raising concerns about pollution and environmental protection in their respective deliberations.

An Environmental Protection Role in the Supply Chain?

¶19. (SBU) Finally, Wang said that environmental activists (location and nationality not specified) will soon ask some large companies that source significant amount of goods from China, such as WalMart and The Gap, to speak to their suppliers

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about corporate responsibility for environmental stewardship and purchasing company expectations of their suppliers with regards to pollution control.

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